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FISCAL IMPACT STATEMENT

LS 7896

BILL NUMBER: SB 529

NOTE PREPARED: Apr 6, 2005

BILL AMENDED: Apr 4, 2005

SUBJECT: Department of Child Services; Various Human Services.

FIRST AUTHOR: Sen. Lawson C

FIRST SPONSOR: Rep. Behning

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill provides for review by the Department of Local Government Finance if a county does not levy the amount necessary to pay for child services or children's psychiatric residential treatment services.

The bill extends the expiration of the Office of the Secretary of Family and Social Services (FSSA) and its divisions to January 1, 2008.

It establishes the Department of Child Services and removes specified duties and services to the Department.

It also adds references to the state central collection unit concerning income withholding by employers for child support payments and allows the Department of Child Services to assess a civil penalty of \$25 per obligor per pay period against certain income payors that do not make the payment through electronic funds transfer.

The bill renames the Division of Family and Children to the Division of Family Resources and renames the Division's bureaus. It authorizes the state to procure child services and other related services on behalf of a county.

It also establishes the Select Committee on the Reorganization of Child Services and assigns committee duties.

The bill requires a juvenile court to appoint a guardian ad litem for a child in need of services in certain situations.

The bill also establishes the Child Support Bureau within the Department of Child Services. It provides immunity to the Director of the Department of Child Services. It also provides that a reference to the Division of Family and Children to be construed as a reference to the Department of Child Services in certain statutes.

The bill establishes maximum caseload ratios for child protection caseworkers. The bill also requires local child protection services to maintain sufficient staff to comply with the maximum caseload ratios. It requires the Department of Child Services to make certain reports to the Budget Committee and the Legislative Council.

It also changes the expiration of a license for a child caring institution and a foster family home license from two to four years. The bill requires the Department of Child Services to adopt rules governing the amount of hours required for foster parent training. The bill also allows the State Police to conduct a name-based criminal history check of persons who reside in a location where a child will be placed under certain circumstances. It requires the State Police to verify the name-based criminal history check through fingerprint identification, and permits a person who believes that the results of the name-based criminal history check are incorrect to challenge the results by submitting the person's fingerprints. It also removes a provision authorizing the Division of Family and Children or a juvenile probation officer to directly conduct a criminal history check, requiring instead that the juvenile probation officer or Division of Family and Children caseworker request that the State Police conduct the criminal history check.

The bill specifies that the Department of Child Services, a local child protective service, a local child fatality review team, or the statewide child fatality review committee must disclose certain redacted records concerning the death or near fatality of a child regardless of when the records were created. The bill also provides that certain information concerning the death or near fatality of a child is not required to be redacted. It requires a local child fatality review team and the statewide child fatality review committee to review records concerning a child whose death may have been the result of abuse or neglect. It also specifies when a child's death may have been the result of abuse or neglect. The bill requires the Department of Child Services, the Department of Education, the Department of Correction, and the Division of Mental Health and Addiction to develop and coordinate the children's social, emotional and behavioral health plan.

The bill also requires the office of Medicaid Policy and Planning to apply for a Medicaid waiver to provide coverage for mental health services to a special needs adopted child who is not more than 18 years of age.

It permits funding for certain guardian ad litem and court-appointed special advocate programs.

It also permits a licensed collection agency to collect child support arrearages in certain situations. The bill provides that the Child Support Bureau has certain duties concerning the collection of child support arrearages by a licensed collection agency. The bill also repeals: (1) statutes that require county Offices of Family and Children to establish a local child protection service; (2) the designation of the Child Support Bureau within the Division of Family and Children as the state's designated Title IV-D agency; (3) duplicate provisions related to certain reports; and (4) statutes concerning provisional licenses for foster homes, group homes, child caring institutions, and child placing agencies. It makes technical corrections.

Effective Date: Upon passage; July 1, 2005; July 1, 2006.

Explanation of State Expenditures: *Summary:* This bill creates the Department of Child Services (DCS) and removes child protection service duties from the county offices of the Division of Family and Children (DFC). The establishment of a DCS and the statutory transfer of various functions and responsibilities of the

Department will not necessarily represent a fiscal impact to the state. Any costs that might be incurred from a physical relocation of offices and any expenditures that could be reduced because of operational efficiencies will depend upon administrative action.

Background Information on the Department of Child Services: The Governor is to appoint a Director of the DCS. The Director is entitled to compensation set by the State Budget Agency. The Director shall determine the best manner of organizing the Department.

The bill repeals current statute which created a (1) Youth Development Bureau, (2) Bureau of Child Care Services, (3) Bureau of Residential Services, (4) Bureau of Family Resources, (5) Food Stamp Bureau, and (6) Child Support Bureau. The bill renames the Bureau of Family Independence and the Family Protection Bureau as the Bureau of Economic Independence and the Bureau of Child Development.

The Department is responsible for the following: (1) child protection service duties; (2) child support services under Title IV-D; (3) adoption services; (4) foster care services; (5) independent living services; (6) child services; (7) the regulation of residential child care establishments; (8) Children in Need of Services (CHINS); (9) children's psychiatric residential treatment services; and (10) family services.

The bill allows DCS to adopt rules as necessary to carry out the Department's duties.

The bill transfers all employees of local, joint-county, or multiple-county child protection services to DCS. It requires the state to recognize any service an employee provided before the effective date of this bill for calculation of benefits or retention points. FSSA currently employs approximately 800 child protective services workers.

The bill authorizes the state to procure child services and other related services on behalf of a county.

The bill establishes the Select Committee on the Reorganization of Child Services and assigns Committee duties. The Committee will have as members four legislators, the Secretary of FSSA, the director of the Department of Child Services, three directors of county offices, one guardian ad litem, and one school superintendent. The Committee is to operate under the policies governing study committees established by the Legislative Council.

Background Information on the Renaming of the Division of Family and Children: The bill renames DFC the Division of Family Resources (DFR) and transfers the powers, duties, and functions of DFC to DFR. The bill requires DFR to amend rules adopted by DFC to reflect the name change. The bill also requires the Legislative Services Agency to prepare legislation for introduction in the 2006 regular session of the General Assembly making appropriate changes in statutes that are required to reflect the name change. These actions are administrative in nature and should be accomplished by both agencies within the existing level of resources.

Property Tax Levies: The state pays a 20% property tax replacement credit (PTRC) on the amount of the county family and children's fund and the county children's psychiatric residential treatment services (CPRTS) fund levies that are within the maximum levy limit and that are attributable to property other than business personal property. Likewise, the state pays a 20% homestead credit on the net levies (after PTRC) that are within the limit and attributable to homesteads.

Under this provision, the maximum permissible levies would be abolished for these two funds. The amount of

property tax levies that the county imposes in excess of the maximum levy (estimated at \$40 M in CY 2006) does not qualify for state credits under current law, but would qualify for the credits under this provision. The state's additional expense for CY 2006 is estimated at \$9.1 M. The state would have additional expenses each year. However, the amount would depend on levies set by the DCS under this provision as compared to the maximum levies under current law.

PTRC and homestead credits are paid from the Property Tax Replacement Fund (PTRF). These credits are paid from the state General Fund if balances are not available in the PTRF.

Reauthorization of FSSA: This bill also reauthorizes the administrative structure of FSSA until January 1, 2008. The fiscal impact of allowing the legislative authorization for FSSA to expire would most likely be related to the termination of rule-making authority that is vested in the entities that would sunset.

Background Information on the Reauthorization of FSSA: This bill extends the expiration date of the administrative structure of FSSA to January 1, 2008. (Current law provides for the expiration of the administrative structure on January 1, 2006.) FSSA administrative offices affected are:

- (1) The Office of the Secretary of Family and Social Services.
- (2) The Office of Medicaid Policy and Planning.

The bill also extends to January 1, 2008, the expiration date of a statute that governs procedures of FSSA advisory councils and the expiration date of statutes that relate to certain powers of the directors of the following divisions:

- (1) Disability, Aging, and Rehabilitative Services.
- (2) Family and Children.
- (3) Mental Health and Addiction.

This bill will continue the administrative structure of FSSA as it currently exists, although certain program functions and responsibilities are transferred by the bill from DFC to the newly established DCS. Depending upon the actions of the administration, failure to extend the expiration date, in practice, would not necessarily have an immediate fiscal impact. Upon its statutory expiration on July 1, 1999, FSSA was extended by the Governor's executive order. In lieu of extending the expiration date or a continuation of the executive order, if the positions were able to be reallocated under the existing appropriations, any potential fiscal impact from the termination of these entities would more likely arise from the loss of rule-making authority vested in these positions by statute.

State Central Collection Unit: The bill will require the centralization of the collection of child support payments in the IV-D program. DFC reports that this action is required to avoid penalties from the federal government. Penalties could include \$25 M in state child support incentive money and \$250 M in TANF funds. The bill will require child support withholding orders to require that payments be remitted to the State Central Collection Unit rather than county clerks unless they are non-income withholding payments. In FFY 2004, the state collected approximately \$25 M per month in child support payments through its State Central Collection Unit. It collected an additional \$25 M per month in income-withholding orders, and \$18 M per month in non-income withholding orders through county clerk offices. Thus, the state would be collecting an additional \$25 M monthly through its State Central Collection Unit. The Child Support Bureau reports that it would need an additional 18 to 20 central office staff to process the increase in payments.

Some of the funds and resources required above could be supplied through a variety of sources, including the following: (1) existing staff and resources not currently being used to capacity; (2) existing staff and resources currently being used in another program; (3) authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) funds that, otherwise, would be reverted; or (5) new appropriations. As of January 6, 2005, the Child Support Bureau had 10 vacancies, including four PAT 2, two COMOT 3, and four COMOT 4 positions. Actual increases in expenditures for staff are unknown and are dependent on administrative and legislative action.

Withholding of Child Support: The bill will also require that employers that employ more than 50 employees and that also withhold child support for more than one obligor must make remittance to the State Central Collection Unit by electronic funds transfer. The Department reports that this provision should speed the payment of child support to the children for whom it is received as well as allowing for administrative efficiencies. (See also the *Explanation of State Revenue*.)

(Revised) ***Criminal History Background Checks:*** This bill allows DCS to request the Indiana State Police (ISP) to obtain a national name-based criminal history check for all persons residing in a location designated as the out-of-home placement for a CHINS, when the placement does not include an entity or facility that is not a residence or that is licensed by the state, when: (1) exigent circumstances exist which require an emergency placement of the child, or (2) DCS will be unable to obtain criminal history information from the National Crime Information Center (NCIC) before the emergency placement is scheduled to occur. ISP reports that it is able to access the NCIC database free of charge, thus, no additional expenditures are anticipated to obtain national name-based checks.

The bill requires DCS, the caseworker, or the juvenile probation officer, within 72 hours of receiving results from the aforementioned national name-based check, to (a) use fingerprint identification to positively identify each person for whom results have been received, or (b) submit the fingerprints to the Federal Bureau of Investigation (FBI) not later than 15 days after the date on which the national name-based criminal history record check was conducted.

Federal law requires fingerprints be submitted following a national name-based criminal history record check if the check is conducted for an entity such as DCS.

The bill requires a national fingerprint-based criminal history check be conducted in all other relative placement situations.

Current statute requires DCS to obtain a national criminal history check for all children placed with relative caretakers. As a result, additional expenditures are not anticipated. However, a decrease in the number of national criminal history checks conducted may occur. The bill requires a national name-based check be completed initially, followed with a fingerprint check (or national criminal history background check). As a result, individuals that originally would have completed a national check may not necessitate one because of failing the national name-based check. Any reduction in the number of required checks or expenditures is unknown.

Previously, DCS was required to conduct the national background checks. The bill would move that requirement to ISP. As a result, DCS would likely experience a small reduction in workload, while ISP would experience an increase.

The bill requires ISP to adopt rules to establish a reasonable fee for processing a national name-based criminal history check. ISP should be able to absorb any costs associated with adopting rules given its existing level of budget and resources.

Background Information on Criminal History Checks: The Child Welfare League of America (CWLA) reports that in CY 2002, 18% of children were placed with relatives. This represented approximately 272 children out of a total 1,541. It is, however, important to note that this number is likely currently higher. The percentage of foster youth that are placed with relatives continues to increase annually. In addition, this number does not indicate the number of households that the children were residing in or how many individuals residing in the households would necessitate a national criminal history background check.

The fee to submit fingerprints to the FBI for verification is the same as it is to submit information to obtain a national criminal history check. The total cost for a national criminal history background check is \$39. In addition, a fingerprint card would need to be obtained. If the card is obtained through an ISP post, of which there are 18 statewide, it is free. If it is obtained from a local law enforcement agency, fees vary.

(Revised) ***Summary Regarding Caseworker Caseloads:*** This bill requires that a child protection caseworker or a child welfare caseworker not be assigned a caseload that exceeds: (1) for caseworkers assigned only initial assessments, 12 active cases per month, (2) for caseworkers assigned only ongoing cases, 17 active children per caseworker, or (3) for caseworkers assigned a combination of initial assessments and ongoing cases, 4 investigations and 10 active ongoing cases per caseworker. The bill allows for a phase-in period and is to be fully implemented by June 30, 2008.

The cost, which includes equipment and office space for 880 new caseworkers and 106 new supervisors, would be approximately \$41.7 M in the first year of full implementation, and \$35.6 M in subsequent years. These numbers are based on the assumption that caseworkers would hold a maximum of 12 investigation cases or 17 ongoing cases at any one time. If actual work assignments fall under the more restrictive maximum caseload combinations, costs would be greater.

Additional Details -

Number of Caseworkers Needed: A snapshot of the state's child welfare caseload data was taken on January 5, 2005. Data was analyzed by county based on the total number of investigation and ongoing cases. (Note: One investigation case is equal to one family; one ongoing case is equal to one child.) Each county was evaluated as to the number of caseworkers needed to meet the bill's required caseload standards. Findings indicate that the most efficient method for the state to implement the requirements of the bill is to maintain caseworker caseloads at 12 active or 17 ongoing cases per caseworker. Based on this, the current number of caseworkers employed and the number of caseworker vacancies were subtracted from the total number of caseworkers needed to meet the required caseload standards.

Findings indicate that the state will need approximately 880 new caseworkers to meet the requirements of the bill. This number is expected to increase annually as the number of youth requiring services continues to increase. These numbers are based on the assumption that caseworkers would hold a maximum of 12 investigation cases or 17 ongoing cases at any one time. If actual work assignments fall under the more restrictive maximum caseload combinations, the number of caseworkers and supervisors needed would be greater.

Caseworker Salary and Equipment Costs: DCS reports that initial costs per caseworker are \$54,692. This includes salary, benefits, office space, computer, mileage, and other necessary office equipment. In subsequent years, the annual cost per worker would be \$46,512 (salary plus benefits). A portion of these costs are reimbursable by the federal government. The reimbursement rate, which changes quarterly, ranges from \$15.40 to \$30.80 per \$100 depending on which program the state is being reimbursed for (for example, IV-E foster care receives a 50% reimbursement, while Assisted Guardianship receives 100% reimbursement). The mid-point of these two numbers, \$23.10, was used for calculating overall federal reimbursement.

The cost to the state in the initial year of full implementation after estimating and accounting for federal reimbursement is approximately \$37.0 M and \$31.5 M in subsequent years based on this information.

Number of Supervisors Needed: DCS reports that supervisors oversee anywhere from 1 to 8 caseworkers depending on various factors. Some rural counties employ only one supervisor and one caseworker, others share supervisors across county lines. Data was adjusted based on information provided by FSSA relative to the sharing of supervisors between counties, current number of supervisors, and current number of supervisor vacancies. The state would need approximately 106 new supervisors to maintain the 1 to 8 caseworker-to-supervisor staff ratios under the requirements of the bill.

Supervisor Salary and Equipment Costs: DCS reports that initial costs per caseworker are \$57,787. This includes salary, benefits, office space, computer, mileage, and other necessary office equipment. In subsequent years, the annual cost per worker would be \$50,987 (salary plus benefits). The federal government reimburses supervisor salaries at the same reimbursement rate that it reimburses caseworker salaries. The cost to the state in the initial year of full implementation after estimating and accounting for federal reimbursement is approximately \$4.7 M and \$4.2 M in subsequent years based on this information.

Supervisor Caseloads: It should be noted that supervisors can carry cases. However, the number of cases held by a supervisor varies by county. The total number of caseworkers and supervisors needed by a county would be affected by the number of cases a supervisor holds.

Training: It should also be noted that training costs are not included in the overall expenditure costs described above for new caseworkers or supervisors. FSSA recently implemented a new training program for new staff. Average costs have not been established at this time, and the total cost for training new employees is currently unknown.

Background Information -

Current Numbers: Indiana currently employs 861 child welfare caseworkers, however, 60 of these persons are considered “just-in-time workers. The state has created 60 “just-in-time positions to fill slots throughout the state when vacancies arise. These workers would have already completed training prior to the position opening up and are able to begin work immediately. Indiana also employs approximately 130 child welfare supervisors.

Current Caseload Information: Under the Bayh administration, a court agreement was reached which prohibited Marion County child protective services from raising worker caseloads above 35. FSSA has extended this agreement statewide, however, caseload numbers vary across the state. FSSA reports that each ongoing case represents one child.

Caseworker Reports: The bill requires DCS to submit a report to the Budget Committee and to the Legislative Council every 3 months that provides data and statistical information regarding caseloads for each county for child protection caseworkers, child welfare caseworkers, and other caseworkers. Currently, DCS is required to submit the report every 6 months. DCS is also required to submit a report to the Legislative Council and the Health Finance Commission that contains statistics concerning the education levels and salaries of all child protection and child welfare caseworkers and supervisors.

(Revised) ***GAL/CASA Program Certification:*** The bill requires all volunteer GAL/CASA programs to be certified by the Supreme Court to be eligible for state GAL/CASA funding. Certification includes training, submission of budgets, and signing a Code of Ethics, among other things. The state office of GAL reports it should be able to certify programs within its existing budget level.

The state office of GAL reports that 48 of Indiana's 61 volunteer GAL/CASA programs are currently members of and approved by the National CASA Association. Furthermore, the state office reports that National CASA Association standards are more stringent than the state certification process will be. The state office will consider these programs as certified by the state. Remaining are 13 established programs and 31 counties which could establish an individual or multi-county program in the future. The state office of GAL reports that new programs will be expected to certify with initial start-up funding (provided by the state office of GAL).

(Revised) ***Medicaid Waiver:*** The bill requires OMPP to apply for a Medicaid waiver that would disregard the parental income of an adopted child that has a diagnosed mental illness, including an emotional or behavioral disorder. Parental income would be disregarded for eligibility purposes if the family income is between 350% and 1001% of the federal poverty level. The waiver would also require cost-sharing by the parents who are within this income category. The waiver would provide coverage of mental health services for a special needs adopted child who is less than nineteen (19) years of age, and, if approved, the Office is required to implement the waiver.

Once eligible for waiver services, the child would be eligible for all Medicaid state plan services offered plus specified services defined in the waiver application. The cost of this bill would be dependent upon: (1) the number of adopted children under the age of 19 years that are not currently covered; (2) the number that would meet the medical eligibility standards required; (3) the cost-sharing requirements; (4) the number of waiver slots established; and (5) the approval of the federal Centers for Medicare and Medicaid Services (CMS).

Waiver Background: The bill permits the Office to file the waiver application as either a demonstration waiver or as a home- and community-based services (HCBS) waiver. Under both options, the state must demonstrate to CMS that the waiver would be budget neutral, demonstrating that the costs for this population under the waiver will not exceed the cost of care for the same population in an institution.

Under the home- and community-based services waiver option, the level of care required to receive home-based services for the individual must meet or exceed the minimum institutional level of care. This higher medical standard for qualification would limit the number of children that might ultimately qualify for waiver services. The Medicaid Program has the option of waiving the deeming of parental income and resources to be available for the support of a child under the age of 19, who is living at home but would otherwise be eligible for Medicaid-funded institutional care. By not counting the parental income, most children can easily qualify to receive Medicaid services at home or in other community settings. Indiana operates one such waiver for medically fragile children. Disregarding parental income would allow Medicaid eligibility for a group of children who previously might not have received Medicaid services unless they were institutionalized.

The waiver application process is not without opportunity costs. Waiver applications are developed and submitted by the existing staff in OMPP. Amendments and applications must be developed and adequately justified. If the Centers for Medicare and Medicaid Services have questions or request additional information, staff must be available to respond within specified time lines or requests are considered expired. If the waivers are subsequently approved, OMPP must implement the reimbursement for services, or changes to services, and fulfill waiver reporting requirements, including the critical fiscal neutrality reports. OMPP is now managing and operating eight waivers.

Adoption Background: The Indiana Supreme Court reports the number of adoption cases in the state disposed annually from 1994 through 2003 as the following.

1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
2,864	2,767	2,903	3,194	3,233	3,281	3,417	3,521	3,712	3,168

A total of 29,180 adoptions were reported as disposed in the state during the ten years covered by the report. The age of the children adopted is not known. Some children, older at the age of adoption would have passed the age parameters defined in the bill. The bill does not limit the qualifying adoption status to only children that were adopted in the state of Indiana. The number of children legally adopted in courts outside the state is unknown.

Certain children adopted through the Indiana Adoption Program, operated by the Indiana Foster Care Adoption Association in collaboration with the Division of Family and Children (DFC), are eligible for the federal Adoption Assistance Program. The assistance must be requested in the adoption petition and is ordered by the court. This can provide a monthly payment and Medicaid for the child after adoption. If adoption assistance is granted, the assistance requires periodic certification. The assistance may continue until the adopted child reaches the age of 18 and may be extended to age 21 if the DFC determines that the child's physical, mental, or emotional disabilities warrant an extension.

County adoption assistance may be available through the county DFC Office for families adopting some children with special needs. A county subsidy may include a monetary payment and reimbursement for medical and related expenses due to a pre-existing physical, mental, or emotional condition of the child. County subsidy cannot be denied on the basis of income. The subsidy must be requested in the adoption petition and is ordered by the court. A child may be eligible to receive both adoption assistance and county subsidy.

Medicaid is a jointly funded state and federal program. Funding for direct services is reimbursed at approximately 62% by the federal government, while the state share is about 38%. Funding for administrative services is typically shared 50/50.

(Revised) ***Collection of Child Support:*** The bill allows DCS to contract with a licensed collection agency to collect arrearage on child support orders pursuant to which collections have not been made on arrearage for at least 2 years. It requires the Bureau of Child Support to establish a list of approved collection agencies, establish requirements for participation in contracting, update and review the list of collection agencies, preapprove or approve all contracts between a collection agency and prosecuting attorney, and submit a report to the Legislative Council evaluating the impact of arrearage reductions for child support orders pursuant to which collection agencies have collected. DCS reports that it would need an additional PAT-II staff person to facilitate these requirements. Personnel costs are estimated at approximately \$50,700 annually.

(Revised) ***Training and Licensing for Child Caring Institutions and Agencies:*** The bill eliminates hours currently established in statute pertaining to requirements for pre-service and on-going training for child caring institutions and therapeutic foster family home licensing. DCS reports that it will not change training requirements at this time, thus, no additional expenditures are anticipated. However, any future changes could increase or decrease costs for the state depending on changes in number of hours required.

The bill also requires DCS to adopt rules pertaining to hours of training and licensure. DCS should be able to do so within current budget appropriations.

The bill extends the period of time required to renew a license for the child caring institutions from two years to four years for therapeutic foster family homes, group homes, and child placing agencies. DCS reports that licensing of these institutions is, in general, conducted by state staff. Furthermore, extending licensure from 2 to 4 years would decrease administrative duties for staff.

(Revised) ***Children's Social, Emotional, and Behavioral Health Plan:*** The bill requires the Department of Education (DOE), in cooperation with the DCS, the Department of Correction (DOC), and the Division of Mental Health and Addiction (DMHA), to develop and coordinate the children's social, emotional, and behavioral health plan.

The bill names DOE as the coordinating agency. DOE reports that it should be able to coordinate the plan within its existing budget level. The bill does not require the plan be implemented.

The agencies are required to adopt joint rules concerning the plan. The agencies should be able to do so within the current level of appropriations.

(Revised) ***Criminal History Checks:*** The bill requires that a national, fingerprint-based criminal history check be conducted for all adoption petitioners. Currently, background checks conducted vary by agency and previous residence of the petitioner. The bill requires that all background check and court fees be paid by the petitioner.

(Revised) ***GAL/CASA in CHINS Cases:*** The bill requires a GAL/CASA be appointed in all CHINS cases. Under current law, a GAL/CASA is required during specific CHINS cases. The CASA program served approximately 8,700 children in CY 2003. There were approximately 18,000 CHINS in CY 2003. Thus, an approximate 9,300 children were not appointed a CASA representative. The state office of GAL has calculated the average cost per child representation to be between \$450 and \$500. The total cost to represent the remaining 9,300 children would be between \$4.2 M and \$4.7 M. [Note: This portion of the bill will be updated when additional information becomes available.]

The Indiana Supreme Court currently allocates \$800,000 of its funding to the state office of GAL. This money is then allocated by the central office to the 61 programs that are currently operational. The allocation is based on a statutory formula which incorporates the amount of the annual appropriation, which is variable, and the number of CHINS served by the county. The formula requires that programs receive a minimal funding amount of \$2,000 per year. The state office of GAL funding is matched dollar for dollar by the counties. Additional funding to support the programs is raised from private funds. Private money represents a large portion of the total funding for the programs; however, it varies in percentage makeup of total funding. The amount of additional funding provided by the state and counties is unknown and is dependent on the number of additional children served and what change occurs, if any, in allocations made to the county.

There are currently 31 counties in the state that do not have a CASA program. Counties that do not have a CASA program often appoint a lawyer (non-volunteer Guardian Ad Litem) as the CASA worker, which, in general, costs more than a volunteer GAL/CASA. This provision of the bill could cause additional counties to create CASA programs within their counties. Creation of these programs would result in savings to such counties as the courts would no longer have to absorb the cost of the lawyers. The amount of savings to the counties is unknown.

Explanation of State Revenues: Criminal History Background Checks: The bill requires that an employer that employs more than 50 employees and that is also obligated to withhold child support payments from more than one obligor is required to remit those payments through the use of electronic funds transfer. The Department is required to assess a civil penalty of \$25 per obligor for each payroll period that this provision is not met. The penalty is to be deposited in the General Fund. The amount of the civil penalty assessed and collected would be dependent upon individual circumstances.

(Revised) *National Name-Based Check Fees:* The bill allows ISP to charge a reasonable fee for processing a national name-based criminal history check.

(Revised) ***Collection of Child Support:*** If an individual receives Temporary Assistance for Needy Families (TANF) and is supposed to be receiving child support from a non-custodial parent, the money paid through TANF to the custodial parent for child support is then considered owed to the state by the non-custodial parent. The state could experience an increase in revenue if additional dollars owed to the state are collected. Additional dollars collected, are, however, unknown. Furthermore, a portion of the dollars collected would be paid to: (a) the collection agency (the bill specifies a maximum of 15% collected), and (b) the federal government (currently, the federal government receives approximately 66% reimbursement).

The bill also requires child support arrearage collection agencies to be licensed by the Secretary of State. Collection agencies must apply for licensure from the Secretary of State every two years. Fees are deposited into the state General Fund and are equal to \$100, plus \$30 for each additional branch location. This provision would create additional revenue for the state, however, what amount is dependent on the number of agencies which apply for licensure and the number of branch locations they have.

It is a Class B misdemeanor to violate collection agency licensure laws.

Penalty Provision: If additional court cases occur and fines are collected, revenue to both the Common School Fund (from fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class B misdemeanor is \$1,000. However, any additional revenue would likely be small.

Explanation of Local Expenditures: State Central Collection Unit: The Indiana County Clerks Association reports that shifting all income-withholding orders from the county clerk offices to the State Central Collection Unit would not result in a reduction in the number of staff employed across the state to receive child support payments.

However, county clerks currently submit a form through FSSA to the federal government for reimbursement of 66% of administrative costs for collection of child support payments. Counties fund the remaining 34%. This bill would result in counties experiencing a reduction in the amount of revenue received from the federal government and a decrease in expenditures paid. Any increases or decreases in revenues or expenditures are unknown and will vary by county.

(Revised) **Juvenile Probation:** This bill allows a juvenile probation officer to request ISP to obtain a national name-based criminal history check for all persons residing in a location designated as the out-of-home placement when the placement does not include an entity or facility that is not a residence or that is licensed by the state, when: (1) exigent circumstances exist which require an emergency placement of the child, or (2) the juvenile probation officer will be unable to obtain criminal history information from the NCIC before the emergency placement is scheduled to occur. ISP reports that it is able to access the NCIC database free of charge, thus, no additional expenditures are anticipated to obtain national name-based checks.

The bill requires the juvenile probation officer, within 72 hours of receiving results from the aforementioned national name-based check, to (a) use fingerprint identification to positively identify each person for which results have been received, or (b) submit the fingerprints to the FBI not later than 15 days after the date on which the national name-based criminal history record check was conducted.

Federal law requires fingerprints be submitted following a national name-based criminal history record check if the check is conducted for an out-of-home placement of a child.

The bill requires a national fingerprint-based criminal history check be conducted in all other relative placement situations.

Current statute requires juvenile probation officers to obtain a national criminal history check for all youth placed with relative caretakers. As a result, additional expenditures are not anticipated. However, a decrease in the number of national criminal history checks conducted may occur. The bill requires a national name-based check be completed initially, followed with a fingerprint check (or national criminal history background check). As a result, individuals that originally would have completed a national check may not necessitate one because of failing the national name-based check. Any reduction in the number of required checks or expenditures are unknown.

Background Information: In FY 2003, 24,651 youth were placed on probation in Indiana. A consulting group for nonprofit management reports that approximately 25% to 33% of these youth were placed in foster care placements. Using these percentages, a range of 6,163 to 8,135 youth on probation are estimated to be placed in foster care placements. It should be noted that this number represents youth placed in foster family homes and with relatives. A separate number for youth placed with relatives is unknown.

Workload: Previously, juvenile probation officers were required to conduct the national background checks. The bill would move that requirement to ISP. As a result, juvenile probation officers would likely experience a small reduction in workload, while ISP would experience an increase.

(Revised) **Medicaid Waiver:** See *Explanation of State Expenditures* regarding federal reimbursement revenue through the Medicaid Program.

(Revised) **Penalty Provision:** It is a Class B misdemeanor to violate collection agency licensure laws, a Class B misdemeanor is punishable by up to 180 days in jail.

(Revised) **GAL/CASA in CHINS Cases:** See *Explanation of State Expenditures*.

Explanation of Local Revenues: Child Support: The Department reports that federal incentive payments in the amount of \$25 M for child support enforcement activities conducted by the counties are in jeopardy if child

support collection is not centralized.

Property Tax Levies: Beginning with taxes paid in 2004, maximum permissible levies for civil taxing units and school transportation funds have been calculated by multiplying the previous year's actual controlled levy by the six-year average increase in Indiana nonfarm personal income. The annual increase is limited to 6%, although a taxing unit may appeal to the state's Local Government Property Tax Control Board for a larger increase in the maximum levy if the unit's AV growth is 3% greater than the statewide average growth in AV. This maximum levy growth formula also applies to the county Family and Children's (F&C) Fund and the county children's psychiatric residential treatment services (CPRTS) fund.

The following summaries apply to both the F&C and CPRTS funds.

Under current law:

1. The county director, with the advice of the juvenile court, compiles and adopts the child services budget and recommends a fund property tax levy to the DFC. The budget and a tax levy recommended by DFC are then submitted to the county fiscal body.
2. The county fiscal body is required to make appropriations based on the submitted budget and must levy a tax that will produce the appropriated money.
3. The tax levy is subject to the maximum permissible levy.
4. The director may appeal to the DFC for the right to borrow money to fund child services, children's psychiatric residential treatment services, and other welfare services. A resolution adopted by DFC either supporting or rejecting the loan is forwarded to the county. The county fiscal body then decides whether or not to loan the money to the county office. If the county votes to loan the money to the county office, then the county auditor borrows the money from a financial institution.
5. A county may increase its maximum levy for the F&C or CPRTS fund if the county believes the increase is necessary to pay obligations incurred by the county for CHINS and delinquent children in the year ahead. (This is known as an "excessive levy").

Under this bill:

1. DCS would, with the advice of the juvenile court and after consulting with DFR, compile and adopt the child services budget and would compute and recommend the tax levy required to fund expenses. DCS would file the budget and tax levy with the county and the DLGF.
2. The county would be required to make appropriations and adopt the tax levy that is necessary to pay for child services and children's psychiatric residential treatment services. The DLGF would certify a tax rate necessary to produce the levy. In a case where the county fiscal body or the county tax adjustment board reduces the rate below the rate necessary to produce the recommended levy, the bill would require the county auditor to appeal the reduction to the DLGF.
3. The levy would no longer be subject to a maximum permissible levy.
4. DCS would be able to conduct a public hearing to determine whether to recommend to the county to borrow money to fund the F&C or CPRTS fund. The county would determine whether or not to make the loan. If the county votes to loan the money to the department, then the county auditor borrows the money from a financial institution. If the county does not borrow sufficient funds, the DCS may appeal to the DLGF, who will conduct a hearing. If the DLGF determines that there are insufficient funds available, it may **allow** the county to reduce its general fund budget and transfer sufficient funds or require the county to borrow the necessary money.
5. Counties would have no need for excessive levies.

Overall Effect on Property Tax Levies: Counties may currently increase their levies or borrow money (to be repaid with a property tax levy) to pay the cost of children's services. Removing the maximum levy limitation for the F&C and CPRTS funds would not necessarily result in higher property tax levies. In fact, the levy could be reduced to some extent (as they relate to interest payments) for a county that under current law would have to borrow money. Over time, the property tax levy would probably not be any higher under this provision than it is under current law, but could be lower.

The DCS currently estimates that 41 counties may need excessive levies in the F&C fund totaling about \$40 M in CY 2006 under current law.

(Revised) ***Juvenile Maintenance Debt:*** Between January 1 and March 31, each county must determine the amount of excess funds in the CPRTS fund. Under current law, if the cash balance in the CPRTS fund exceeds one-half of the annual cost to provide services, the excess is transferred to the county general fund to pay for part of the care and maintenance of juvenile offenders.

If a county has a debt for juvenile per diem, this provision would require the county to send the lesser of (1) the excess balance or (2) the actual debt to the state within 45 days of the excess balance determination. If the county has no debt for juvenile per diem, then the balance would remain in the fund to reduce the following year's levy.

According to the State Budget Agency, as of March 18, 2005, 80 counties had outstanding balances totaling \$100 M. The following table lists each of the 80 counties and their balances.

County	Ending Balance	County	Ending Balance
Adams	\$ 64,782	Kosciusko	\$ 175,577
Allen	\$ 8,373,555	Lagrange	\$ 40,347
Bartholomew	\$ 78,455	Lake	\$ 4,146,857
Benton	\$ 27,234	Laporte	\$ 222,855
Blackford	\$ 47,767	Lawrence	\$ 258,301
Boone	\$ 52,423	Madison	\$ 545,089
Brown	\$ 33,061	Marion	\$ 62,584,193
Carroll	\$ 53,870	Marshall	\$ 25,155
Cass	\$ 157,841	Martin	\$ 19,205
Clark	\$ 797,937	Miami	\$ 783,794
Clay	\$ 50,877	Monroe	\$ 159,999
Clinton	\$ 846,993	Montgomery	\$ 139,121
Dearborn	\$ 91,655	Morgan	\$ 132,274
Decatur	\$ 97,483	Noble	\$ 621,660
Dekalb	\$ 456,180	Ohio	\$ 11,864
Delaware	\$ 184,351	Owen	\$ 75,900
Dubois	\$ 88,577	Parke	\$ 11,870
Elkhart	\$ 2,526,492	Perry	\$ 10,955
Fayette	\$ 137,294	Porter	\$ 2,969,777
Floyd	\$ 319,731	Posey	\$ 17,040
Fountain	\$ 71,706	Putnam	\$ 12,273
Franklin	\$ 7,218	Randolph	\$ 29,995
Fulton	\$ 26,254	Ripley	\$ 46,573
Gibson	\$ 2,322	Scott	\$ 54,382
Grant	\$ 1,255,211	Shelby	\$ 83,849
Greene	\$ 58,718	Starke	\$ 839,158
Hamilton	\$ 209,651	Steuben	\$ 155,067
Hancock	\$ 65,499	St. Joseph	\$ 5,983,388
Harrison	\$ 39,486	Sullivan	\$ 25,367
Hendricks	\$ 627,449	Tippecanoe	\$ 1,024,056
Henry	\$ 23,050	Tipton	\$ 13,398
Howard	\$ 144,610	Vanderburgh	\$ 698,956
Huntington	\$ 188,909	Vigo	\$ 289,175
Jackson	\$ 38,395	Wabash	\$ 160,088
Jasper	\$ 81,333	Warrick	\$ 134,976
Jay	\$ 40,419	Washington	\$ 5,208
Jefferson	\$ 23,049	Wayne	\$ 212,136
Jennings	\$ 83,133	Wells	\$ 106,062
Johnson	\$ 207,820	White	\$ 11,864
Knox	\$ 296,410	Whitley	\$ 25,376
Statewide Total		\$ 100,840,378	

(Revised) ***Criminal History Background Checks:*** Local law enforcement agencies may experience an increase in revenue if fingerprint cards are obtained through their agency and a fee is charged.

(Revised) ***Collection of Child Support:*** If additional court actions occur and a guilty verdict is entered, local

governments would receive revenue from court fees. However, any change in revenue would likely be small.

State Agencies Affected: Family and Social Services Administration; Legislative Services Agency; Department of Local Governance Finance; Indiana State Police; Office of the Supreme Court; Office of Medicaid, Policy and Planning.

Local Agencies Affected: Local offices of Family and Children; County Clerks; Juvenile Probation offices; GAL/CASA county programs; Trial courts; Local Law Enforcement Agencies.

Information Sources: Mary Edmonds, FSSA, 232-4758; Daphne Risch, Bureau of Child Support, 232-4922; Steve Hillman, Indiana State Police, 232-5899; Child Welfare League of America; Becky Pryor, Creative Approaches, 652-5804; Jeff Bercovitz, Indiana Judicial Center, 232-1313; *2003 Indiana Probation Report*; Cindy Collier, FSSA; Cathy Smiley, FSSA, 232-7929; Jane Bisbee, FSSA, 232-4423; Sandra Lock, FSSA, 234-0691; Mary Edmonds, FSSA; *FSSA Caseload Report*, January 5, 2005; Family and Social Services Administration, Indiana Adoption Program at: <http://www.ai.org/fssa/adoption/legal.html>; *2003 Indiana Judicial Report* published by the Indiana Supreme Court at: http://www.in.gov/judiciary/admin/reports/jud_service/2003report.pdf.

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